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C O N F I D E N T I A L SECTION 01 OF 02 SANTO DOMINGO 006308

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DEPARTMENT FOR WHA/CAR (MCISAAC)

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TAGS: [KJUS](#) [PGOV](#) [DR](#)

SUBJECT: GODR ATTORNEY GENERAL TARGETS VEHICLE SCAM
PARTICIPANTS

Classified By: Michael Meigs, Economic/Political Counselor, reasons 1.4
(b) & (d).

11. (U) Summary. On November 18 the Dominican Attorney General filed charges against 12 former officials and members of former President Mejia's party faction, all of them with ties to El Plan de Renovacion de Vehiculos (Plan RENOVE), a government program created in 2000 by the Mejia administration to finance the modernization of vehicles for public transportation. Of those implicated, two were ministers in the Mejia administration and one was Secretary of the Armed Forces under President Balaguer. Leaders of the Dominican Revolutionary Party (PRD) met immediately to denounce the arrests as politically motivated. End Summary.

12. (SBU) Dominican Attorney General Francisco Dominguez Brito levied various charges of falsifying public and private documents, fraud, embezzlement, bribery, and conspiracy against 12 "friends of Hipolito" yesterday. The investigation into the Plan RENOVE project established in 2000 by President Hipolito Mejia was led by the Anti-corruption Department of the AG's office, a department that drifted into virtual nonexistence under Mejia but has now reemerged in the second Fernandez administration as one of its forward leaning entities in the fight against corruption.

13. (U) The three most prominent figures charged in the scandal are Pedro Franco Badia, former Minister of Interior and Police under Mejia, Siquio Ng de la Rosa, former Director of Migration and Minister without Portfolio under Mejia, and retired Admiral Ramon Emilio Jimenez, Secretary of the Armed Forces under President Balaguer. The former director of Plan RENOVE, Fabio Ruiz Rosado, is also one of the named defendants.

14. (U) All defendants are accused of profiting from a program developed to upgrade the public transportation fleet. Less than two weeks after taking office in August 2000, President Mejia signed an executive order creating a program of low interest loans for the purchase of vehicles to be used for public transportation. The program was controversial from the outset. In April of this year the Dominican Comptroller General denounced serious irregularities in the accounting practices and financial operations at Plan RENOVE, and newspapers headlined accusations of fraudulent loans, missing funds, and vehicles purchased for the personal use of friends and family of Plan RENOVE officials.

15. (SBU) President Mejia was quoted at the time as saying, "if there is an act of corruption, the (responsible individual) will go to prison." Mejia later backed off those statements and commented that the auditors of Plan RENOVE should be the ones incarcerated. Mejia's attorney general at the time, Victor Cespedes Martinez, said that the audit must have been falsified; he maintained that if there were sufficient evidence of this, the drafters of the audit would be brought to trial. No charges were filed against the auditors or any other parties. The story lost steam in the press and Plan RENOVE was on the back burner until yesterday.

16. (U) The Attorney General's office had all officials arrested yesterday and is requesting that the investigating magistrate deny them bail. The accusation is that the frauds perpetrated by the defendants resulted in a loss to the government of one billion pesos (US \$ 33.33 million). (Some of these losses may affect foreign banks that loaned to the program, including the Import/Export Bank of Korea, the Ing. Bank of N.V. of Seoul, the Ing. Bank of Amsterdam, and Nataxis Popular Bank.) A bail hearing is scheduled for November 19, 2004. The AG's office also charges that at least 100 vehicles purchased with Plan RENOVE funds, with a value of US \$ 3.5 million, cannot be located.

17. (U) Leaders of the Democratic Revolutionary Party (PRD), including former President Mejia, met immediately after the charges became public. Mejia called the move "part of a show," implying that the Fernandez administration is trying to discredit Mejia's administration and the PRD. PRD Secretary General Vicente Sanchez Baret accused the AG's

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office of arresting the defendants without cause and

infringing on their due process rights. He said the PRD would pay for the costs of the defense.

18. (U) Badia went one step further, asserting that President Fernandez ordered his arrest in retaliation for his months-old accusation that Fernandez had received checks from the now defunct Baninter. "In an abuse, the President of the Republic has ordered my arbitrary detention." Ruiz, in what could be perceived as an admission of involvement in fraud, told the press that although many have been implicated in the case, those with ties to the current administration have been excluded from the investigation.

Comment

19. (C) Our sources have long told us that Plan REMOVE was corrupt, a source of graft and an easy means of putting cash into the hands of PRD party faithful. The fact that credible allegations of misappropriation of funds were made while Mejia was still in power lends credence to the AG,s charges. The Fernandez administration has made the fight against corruption one of its pillars, and Plan REMOVE participants were a logical choice to target for investigation. Early indications are that the AG,s Department of Anti-corruption has evidence that can be used to convict some, if not all, of the named defendants. Whether a weak judicial system will withstand political pressure in these high interest cases is an open question.

110. (C) We expect continued posturing in the press by the PRD as well as by officials of Fernandez's Dominican Liberation Party (PLD). The PRD will call these cases political prosecutions and the PLD will stress the importance of these cases in the countrywide fight against corruption. Each side has an element of the truth, but on this issue the balance tips in favor of the PLD. The initiation of prosecutions of Plan REMOVE participants may offer the prospect of a long awaited break in the tradition of impunity for Dominican politicians.

111. (U) Drafted by Angela Kerwin.

112. (U) This piece and others can be found at our SIPRNET site
<http://www.state.sgov.gov/p/wha/santodomingo/> along with extensive other material.
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